

Message Text

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ORIGIN NEA-09

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S/P:SLEWIS

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O R 030216Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

INFO AMEMBASSY PARIS

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E.O. 11652: GDS

TAGS:ENRG, US, IN

SUBJECT:CONSUMER-PRODUCER PREPARATORY CONFERENCE APRIL 7

REF : STATE 58837 AND 73868

1. AT EARLIEST OPPORTUNITY AND PRIOR TO DEPARTURE OF INDIAN
DELEGATION FOR CONSUMER-PRODUCER PREPARATORY CONFERENCE IN
PARIS, EMBASSY SHOULD APPROACH GOI AT APPROPRIATE HIGH LEVEL
FOR EXCHANGE OF VIEWS ON OBJECTIVES OF PREPCON, RESPECTIVE
ATTITUDES AND EXPECTATIONS, AND ROLES GOI AND USG PLAN TO
PLAY AT THAT CONFERENCE. BILATERAL APPROACHES ALSO BEING
MADE TO OTHER CONSUMER (ZAIRE, BRASIL) AND PRODUCER (SAUDI
ARABIA, IRAN, ALGERIA, AND VENEZUELA) PARTICIPANTS IN
PREPCON.

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2. FYI: WE RECOGNIZE THAT GOI IS NOT LIKELY TO SEEK LEADING ROLE AT PARIS PREPCON, INSTEAD SUPPORTING POSITIONS WHICH WILL (A) NOT ANTAGONIZE ITS MAJOR SUPPLIERS OF PETROLEUM (IRAN, SAUDI ARABIA, AND IRAQ) AND (B) ASSIST INDIA IN MEETING ITS OIL BILL. HOWEVER, WE DO PERCEIVE MAJOR AREAS OF COMMON INTEREST -- FOR INSTANCE IN RESPECT TO ASSISTANCE FOR MOST SEVERELY Affected DEVELOPING COUNTRIES, OIL PRICING, AND NEED FOR ECONOMIC STABILITY IN MAJOR INDUSTRIAL COUNTRIES FOR SAKE NOT ONLY OF THEIR PEOPLES BUT ALSO OF DEVELOPMENT PROGRESS OF REST OF WORLD. END FYI.

3. YOU SHOULD ADVISE GOI THAT USG TAKING CONSTRUCTIVE APPROACH TO PREPCON AND CONFERENCE. WE SEEK A COOPERATIVE DIALOGUE RATHER THAN A CONFRONTATION, EXCHEWING RECRIMINATIONS OVER CAUSES FOR WORLD ECONOMIC PROBLEMS. WE HOPE ALL PARTICIPANTS WILL AGREE ON NEED FOR CONSTRUCTIVE APPROACH TO PROBLEMS IN QUESTION.

4. INDICATIVE OF USG APPROACH ARE FOLLOWING REMARKS MADE BY SECRETARY KISSINGER IN FEBRUARY 24 SPEECH TO NATIONAL PRESS CLUB IN WASHINGTON:

"IN AN INTERDEPENDENT WORLD, OUR HOPES FOR PROSPERITY AND STABILITY REST ULTIMATELY ON A COOPERATIVE LONG-TERM RELATIONSHIP BETWEEN CONSUMERS AND PRODUCERS. THIS HAS ALWAYS BEEN OUR OBJECTIVE. IT IS PRECISELY BECAUSE WE WISH DIALOGUE TO BE SUBSTANTIVE AND CONSTRUCTIVE THAT WE HAVE INSISTED THAT CONSUMERS FIRST PUT THEIR OWN HOUSE IN ORDER. A CONCILIATORY SOLUTION WITH THE PRODUCERS IS IMPERATIVE, FOR THERE IS NO RATIONAL ALTERNATIVE. THE DESTINIES OF ALL COUNTRIES ARE LINKED TO THE HEALTH OF THE WORLD ECONOMY. THE PRODUCERS SEEK A BETTER LIFE FOR THEIR PEOPLES AND A FUTURE FREE FROM DEPENDENCE ON A SINGLE DEPLETING RESOURCE; THE INDUSTRIALIZED NATIONS SEEK TO PRESERVE THE HARDEARNED ECONOMIC AND SOCIAL PROGRESS OF CENTURIES; THE POORER NATIONS SEEK DESPERATELY TO RESUME THEIR ADVANCE TOWARD A MORE HOPEFUL EXISTENCE. THE LEGITIMATE CLAIMS OF PRODUCERS AND CONSUMERS, DEVELOPED AND DEVELOPING COUNTRIES, CAN AND MUST BE RECONCILED IN A NEW EQUILIBRIUM OF INTEREST AND MUTUAL BENEFIT."

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AT HIS MARCH 26 PRESS CONFERENCE, CONFIRMING THAT USG IS PREPARED TO GO AHEAD WITH THE PREPCON, THE SECRETARY DECLARED "WE BELIEVE THAT THE CONSUMER/PRODUCER CONFERENCE IS BEING CONDUCTED IN THE INTERESTS OF BOTH SIDES FOR THE COMMON BENEFIT, FOR THE INTEREST OF A DEVELOPING AND THRIVING WORLD ECONOMY, WHICH IS IN THE INTEREST OF PRODUCERS AS WELL AS CONSUMERS."

5. WE BELIEVE THAT, IN CONTEXT OF PREPCON, IT IS IN MUTUAL INTEREST OF USG AND GOI TO PROMOTE FOLLOWING OBJECTIVES:
(A) PREPCON DISCUSSION SHOULD BE LIMITED TO PROCEDURAL ISSUES, FIRMLY SETTING ASIDE SUBSTANTIVE QUESTIONS FOR CONFERENCE ITSELF. WE BELIEVE INTEREST OF ALL WILL BE SERVED BY BUSINESS-LIKE RATHER THAN POLEMIC SESSION, WITH VIEW TO COOPERATIVE ACTION BENEFITTING ALL ELEMENTS OF WORLD ECONOMY.

(B) AGENDA ITEMS SHOULD BE LIMITED TO OIL-RELATED PROBLEMS OF WORLD ECONOMY, INCLUDING SPECIAL PROBLEMS FACED BY LDC'S (ESPECIALLY MSA'S). THE SORT OF OIL-FOCUSSED AGENDA WE ENVISAGE TREATS MAJOR PROBLEMS OF IMMEDIATE INTEREST TO BOTH DEVELOPED AND DEVELOPING COUNTRIES. AS EMPHASIZED IN SECRETARY'S HOUSTON, TEXAS, SPEECH OF MARCH 1, USG RECOGNIZES THAT OTHER COMMODITY ISSUES ARE OF GREAT CONCERN TO LDC'S AS WELL AS OTHERS AND THAT DIALOGUE BETWEEN PRODUCERS AND CONSUMERS ON THESE ISSUES IS ESSENTIAL. WE HAVE PLEDGED QUOTE A SERIOUS EFFORT TO FIND A CONSTRUCTIVE SOLUTION WHICH DOES JUSTICE TO THE CONCERN'S OF ALL PARTIES. UNQUOTE. HOWEVER, IT IS OUR FIRM BELIEF THAT THESE ISSUES ARE TOO COMPLEX TO BE ADEQUATELY TREATED AT THE OIL PRODUCER/CONSUMER CONFERENCE. MOREOVER, IF THEY WERE TO BE INCLUDED IN A BROADENED AGENDA, THE DIFFUSION OF EFFORT WOULD LESSEN CHANCES THAT PRODUCER/CONSUMER CONFERENCE WOULD BE ABLE TO MAKE SIGNIFICANT PROGRESS TOWARD RESOLVING THE PETROLEUM-RELATED ISSUES WHICH WERE THE IMMEDIATE CAUSE OF CONVENING IT. THE UN SEVENTH SPECIAL SESSION IN SEPTEMBER AND OTHER ESTABLISHED FORA SHOULD AFFORD AMPLE OPPORTUNITY TO DISCUSS THESE OTHER, COMPLEX COMMODITY ISSUES. (C) DECISIONS ON OTHER PROCEDURAL QUESTIONS SUCH AS SITE, CHAIRMANSHIP, DATE, AND PARTICIPATION ALSO SHOULD BE BASED ON CRITERION OF CONTRIBUTION TO CONFIDENTIAL

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SUCCESS OF CONFERENCE. IN THESE REGARDS, WE TAKE FLEXIBLE, PRAGMATIC APPROACH WITH GENERAL OBJECTIVES OF AMBIANCE WHICH AVOIDS POLITICAL PARTISANSHIP SCHEDULING KEYED TO ADEQUATE PREPARATIONS, AND MANAGEABLE YET REPRESENTATIVE PARTICIPATION WITHIN CONFERENCE STRUCTURE CONDUCIVE TO COOPERATION.

6. STATE 73868, REPEATED FOR EMBASSY'S INFORMATION, DETAILS USG POSITION ON VARIOUS PROCEDURAL ISSUES. IF SPECIFIC ISSUES RAISED BY GOI, EMBASSY MAY DRAW UPON THIS FOR PARTICULARS. KISSINGER

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